

TOWN OF SEEKONK, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2007

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Seekonk, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Seekonk, Massachusetts as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Seekonk, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, on our consideration of the Town of Seekonk, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages **3** through **9**, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

R. E. Brown & Company

June 24, 2008

TOWN OF SEEKONK, MASSACHUSETTS

Management's Discussion and Analysis

As management of the Town of Seekonk (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of one government compared to others.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$47.1 million (*net assets*). Of this amount, \$29.8 million is considered unrestricted (*unrestricted net assets*).
- The unrestricted net assets of the Town's governmental activities are \$29.57 million, and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the Town's business-type activities are \$255 thousand and may be used to meet the ongoing obligations of the Town's Curbside Trash Collection and Recycling business-type activities.
- The government's total net assets increased by \$21.211 million or 82% in fiscal 2007. Within this total, net assets of governmental activities increased by \$21.256 million, a 83% increase from fiscal 2006. Net assets of business-type activities decreased by \$45,519 or 15.1% from 2006.
- At June 30, 2007, the Town's governmental funds had a combined ending fund balance of \$8,838 million. The combined governmental funds balance increased by \$1.49 million or 20% from the prior year's ending fund balance. A total of \$7.832 million is considered unreserved at June 30, 2007.
- The Town's general fund reported a total fund balance of \$2.998 million at the end of fiscal 2007. The unreserved fund balance for the general fund was \$2.223 million or 5.5% of total general fund expenditures and transfers to other funds. There was a \$415 thousand decrease in total general fund undesignated balance for the year. A total of \$312 thousand of the unreserved fund balance was designated for funding the fiscal year 2008 budget.
- The total cost of all Town services for fiscal 2007 was \$40.94 million; \$40.048 million of which was for governmental services, and \$856 thousand of which was for business-type activities.
- The Town's total bonded debt decreased by \$2.376 million or 6% during the year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Basic Financial Statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, employee benefits, debt service, and state/county assessments. The business-type activities include sanitation services.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluation of a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Seekonk adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance within this budget.

Proprietary funds: *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has one enterprise fund:

- *Trash (Sanitation) Enterprise Fund* – accounts for the trash collection and disposal activities of the Town.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of the funds are not available to support the Town's own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

- *Private-purpose trust funds* and *agency funds* are each reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

The charts on the following pages summarize key financial components of the Town's financial statements.

As noted earlier, assets exceeded liabilities by \$47,078,603 at the close of fiscal year 2007. The Town is able to report positive balances in all categories of net assets, both government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town's total net assets are its unrestricted net assets totaling \$29,826,567 (63%), which may be used to meet the government's ongoing obligations to its citizens and creditors.

The Town's investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets, is \$10,088,068 or 21% of net assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in the Town's capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town decreased its total liabilities by \$1,992,253 over fiscal year 2006, while total assets increased by \$19,218,243, or 26%. Total assets of the governmental activities increased by \$19,259,994, a 26% increase from fiscal 2006. Total assets of the business-type activities decreased by \$41,751, or 13 % from fiscal 2006.

Town of Seekonk - Financial Highlights
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2006</u>
Assets:						
Current assets	\$ 15,993,129	\$ 12,070,730	\$ 287,473	\$ 329,224	\$ 16,280,602	\$ 12,399,954
Noncurrent assets (excluding capital)	28,207,830	11,866,884	-	-	28,207,830	11,866,884
Capital assets	47,953,056	48,956,407	-	-	47,953,056	48,956,407
Total assets	<u>92,154,015</u>	<u>72,894,021</u>	<u>287,473</u>	<u>329,224</u>	<u>92,441,488</u>	<u>73,223,245</u>
Liabilities:						
Current liabilities (excluding debt)	3,101,794	4,553,728	31,947	28,179	3,133,741	4,581,907
Noncurrent liabilities (excluding debt)	4,167,442	2,335,815	-	-	4,167,442	2,335,815
Current debt	2,390,714	2,375,714	-	-	2,390,714	2,375,714
Noncurrent debt	35,670,988	38,061,702	-	-	35,670,988	38,061,702
Total liabilities	<u>45,330,938</u>	<u>47,326,959</u>	<u>31,947</u>	<u>28,179</u>	<u>45,362,885</u>	<u>47,355,138</u>
Net Assets:						
Capital assets net of related debt	10,088,068	8,789,163	-	-	10,088,068	8,789,163
Restricted	7,163,968	5,308,170	-	-	7,163,968	5,308,170
Unrestricted	29,571,041	11,469,729	255,526	301,045	29,826,567	11,770,774
Total net assets	<u>\$ 46,823,077</u>	<u>\$ 25,567,062</u>	<u>\$ 255,526</u>	<u>\$ 301,045</u>	<u>\$ 47,078,603</u>	<u>\$ 25,868,107</u>

The governmental activities net assets increased by \$21,256,015 during the current fiscal year. This reflects a \$19,892,997 increase in education capital type revenue on the statement of activities. This represents an audit reduction of two older school projects (Aitken School and Hurley Middle School) and the current and future payments on two newer projects (High School and Martin School).

Town of Seekonk - Financial Highlights
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,100,805	\$ 2,460,825	\$ 847,479	\$ 904,847	\$ 2,948,284	\$ 3,365,672
Operating grants and contributions	8,496,152	7,310,917	-	-	8,496,152	7,310,917
Capital grants and contributions	20,492,802	2,547,042	-	-	20,492,802	2,547,042
<i>General Revenues:</i>						
Real Estate and personal property taxes	25,667,359	24,020,915	-	-	25,667,359	24,020,915
Tax Liens	87,265	149,135	-	-	87,265	149,135
Motor vehicle and other excise taxes	1,909,991	2,018,499	-	-	1,909,991	2,018,499
Hotel/Motel Tax	363,671	348,463	-	-	363,671	348,463
Penalties and Interest on Taxes	89,551	89,736	-	-	89,551	89,736
Nonrestricted grants and contributions	1,581,055	1,285,534	-	-	1,581,055	1,285,534
Unrestricted investment income	408,548	315,530	-	-	408,548	315,530
Other revenues	69,536	22,465	-	-	69,536	22,465
Total Revenues	61,266,735	40,569,061	847,479	904,847	62,114,214	41,473,908
Expenses:						
General Government	1,607,400	1,424,095	-	-	1,607,400	1,424,095
Public Safety	4,821,824	4,394,694	-	-	4,821,824	4,394,694
Education	20,726,777	20,839,206	-	-	20,726,777	20,839,206
Public Works	689,932	2,263,244	-	-	689,932	2,263,244
Human Services	518,618	544,780	-	-	518,618	544,780
Conservation	19,105	19,670	-	-	19,105	19,670
Culture and Recreation	795,854	816,003	-	-	795,854	816,003
Employee Benefits	8,948,635	8,262,908	-	-	8,948,635	8,262,908
State and County Assessments	318,842	317,211	-	-	318,842	317,211
Interest	1,600,819	1,569,377	-	-	1,600,819	1,569,377
Sanitation	-	-	855,912	834,211	855,912	834,211
Total Expenses	40,047,806	40,451,188	855,912	834,211	40,903,718	41,285,399
Increase (decrease) in Net Assets before Transfers	21,218,929	117,873	(8,433)	70,636	21,210,496	188,509
Transfers	37,086	34,000	(37,086)	(34,000)	-	-
Change in Net Assets	21,256,015	151,873	(45,519)	36,636	21,210,496	188,509
Net Assets - beginning	25,567,062	25,415,189	301,045	264,409	25,868,107	25,679,598
Net Assets - ending	\$ 46,823,077	\$ 25,567,062	\$ 255,526	\$ 301,045	\$ 47,078,603	\$ 25,868,107

Financial Analysis of Governmental Funds:

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At June 20, 2007, unreserved fund balance of the general fund was \$2,222,501, while the total fund balance was \$2,997,721. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5.75% of total general fund expenditures, while total fund balance 7.75% of the same amount

General fund revenues increased by \$2,333,938, and the fund balance of the general fund increased by \$192,915. This result is the product of management's conservative planning and budgeting and the use of unreserved fund balance to maintain the Town's services.

The combined stabilization funds have accumulated fund balances of \$1,440,615, which represents 3.72% of general fund expenditures.

General Fund Budget Highlights

There was a \$182,935 changes in total between the original and final budget of the Town approved at Town Meeting. The Town budgeted \$36.527 million in revenues and \$37.033 million in expenses, drawing on transfers and fund balance (\$506 thousand) to finance the difference.

Capital Asset and Debt Administration

Capital Assets – In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year.

The Town's investment in capital assets (net of depreciation) for governmental and business-type activities as of June 30, 2007, amounts to \$47,953,056. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

The governmental activities capital assets had additions of \$1,188,613 during the current fiscal year. Total depreciation was \$2,191,964, resulting in a net decrease to capital assets of \$1,003,351.

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Land	\$ 4,354,657	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657	\$ 4,354,657
Buildings	38,130,381	33,335,726	-	-	38,130,381	33,335,726
Capital Improvements (other than buildings)	1,809,014	1,751,349	-	-	1,809,014	1,751,349
Machinery and Equipment	1,622,900	1,650,381	-	-	1,622,900	1,650,381
Vehicles	1,019,800	648,016	-	-	1,019,800	648,016
Infrastructure	1,016,304	919,910	-	-	1,016,304	919,910
Construction in Progress	-	6,296,368	-	-	-	6,296,368
Total Capital Assets	\$ 47,953,056	\$ 48,956,407	\$ -	\$ -	\$ 47,953,056	\$ 48,956,407

Long term debt – The Town’s debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 20, 2007, totaled \$38,061,702. Total debt consists of the following:

Outstanding Debt at Year End		
Governmental Activities	Outstanding June 30, 2007	Outstanding June 30, 2006
Education buildings	\$ 9,620,000	\$ 10,430,000
Municipal Purpose	280,000	575,000
School Construction	21,845,000	22,755,000
MWPAT Septic loan	296,702	317,416
Police & Fire Facility	6,020,000	6,360,000
Total Governmental Activities	\$ 38,061,702	\$ 40,437,416

Please refer to Notes **5** and **9** for further discussion of the major capital and debt activities.

Economic Factors and Next Year’s Budget and Rates

The following factors were considered in preparing the Town’s fiscal year 2008 budget:

- ***Wage Settlements***
- ***Pension Costs***
- ***Health Insurance***
- ***State Aid Projections***

Request for Information

This financial report is designed to provide a general overview of the Town’s finances for all of those with an interest in the Town’s finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: Director of Finance, Town of Seekonk, 100 Peck Street, Seekonk, MA 02771.

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 10,800,712	\$ 253,725	\$ 11,054,437
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	550,204	-	550,204
TAX LIENS	204,193	-	204,193
MOTOR VEHICLE EXCISE TAXES	330,869	-	330,869
USER FEES	6,945	33,748	40,693
DEPARTMENTAL AND OTHER	110,801	-	110,801
INTERGOVERNMENTAL	3,989,405	-	3,989,405
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	28,207,830	-	28,207,830
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	47,953,056	-	47,953,056
TOTAL ASSETS	92,154,015	287,473	92,441,488
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,123,041	31,947	2,154,988
OTHER LIABILITIES	13,091	-	13,091
ACCRUED INTEREST	443,613	-	443,613
CAPITAL LEASES PAYABLE	157,947	-	157,947
BONDS AND NOTES PAYABLE	2,390,714	-	2,390,714
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	70,000	-	70,000
COMPENSATED ABSENCES	294,102	-	294,102
NONCURRENT:			
CAPITAL LEASES PAYABLE	339,481	-	339,481
BONDS AND NOTES PAYABLE	35,670,988	-	35,670,988
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	3,170,000	-	3,170,000
COMPENSATED ABSENCES	657,961	-	657,961
TOTAL LIABILITIES	45,330,938	31,947	45,362,885
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	10,088,068	-	10,088,068
RESTRICTED FOR:			
STREETS	3,039,888	-	3,039,888
PERMANENT FUNDS:			
EXPENDABLE	120,705	-	120,705
NONEXPENDABLE	231,503	-	231,503
OTHER PURPOSES	3,771,872	-	3,771,872
UNRESTRICTED	29,571,041	255,526	29,826,567
TOTAL NET ASSETS	\$ 46,823,077	\$ 255,526	\$ 47,078,603

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2007**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,607,400	\$ 261,354	\$ 643	\$ -	\$ (1,345,403)
PUBLIC SAFETY	4,821,824	758,339	221,910	-	(3,841,575)
EDUCATION	20,726,777	813,126	4,945,776	19,892,997	4,925,122
PUBLIC WORKS	689,932	78,396	27,066	585,417	947
HUMAN SERVICES	518,618	124,177	41,170	14,388	(338,883)
CONSERVATION	19,105	-	-	-	(19,105)
CULTURE & RECREATION	795,854	65,413	25,851	-	(704,590)
EMPLOYEE BENEFITS	8,948,635	-	3,233,736	-	(5,714,899)
STATE & COUNTY ASSESSMENTS	318,842	-	-	-	(318,842)
INTEREST	1,600,819	-	-	-	(1,600,819)
TOTAL GOVERNMENTAL ACTIVITIES	40,047,806	2,100,805	8,496,152	20,492,802	(8,958,047)
BUSINESS-TYPE ACTIVITIES:					
NON-MAJOR	855,912	847,479	-	-	(8,433)
TOTAL BUSINESS-TYPE ACTIVITIES	855,912	847,479	-	-	(8,433)
TOTAL PRIMARY GOVERNMENT	\$ 40,903,718	\$ 2,948,284	\$ 8,496,152	\$ 20,492,802	\$ (8,966,480)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2007**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (8,958,047)	\$ (8,433)	\$ (8,966,480)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	25,667,359	-	25,667,359
TAX LIENS	87,265	-	87,265
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,909,991	-	1,909,991
HOTEL/MOTEL TAX	363,671	-	363,671
PENALTIES AND INTEREST ON TAXES	89,551	-	89,551
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,581,055	-	1,581,055
UNRESTRICTED INVESTMENT INCOME	408,548	-	408,548
MISCELLANEOUS	69,536	-	69,536
TRANSFERS, NET	37,086	(37,086)	-
TOTAL GENERAL REVENUES AND TRANSFERS	30,214,062	(37,086)	30,176,976
CHANGE IN NET ASSETS	21,256,015	(45,519)	21,210,496
NET ASSETS:			
BEGINNING OF YEAR	25,567,062	301,045	25,868,107
END OF YEAR	\$ 46,823,077	\$ 255,526	\$ 47,078,603

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007**

<u>ASSETS</u>	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 5,119,412	\$ 5,681,300	\$ 10,800,712
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	550,204	-	550,204
TAX LIENS	204,193	-	204,193
MOTOR VEHICLE AND OTHER EXCISE TAXES	330,869	-	330,869
USER FEES	6,945	-	6,945
DEPARTMENTAL AND OTHER	11,540	99,261	110,801
INTERGOVERNMENTAL	30,503,412	1,693,823	32,197,235
TOTAL ASSETS	\$ 36,726,575	\$ 7,474,384	\$ 44,200,959
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 2,108,600	\$ 14,441	\$ 2,123,041
OTHER LIABILITIES	13,091	-	13,091
DEFERRED REVENUES	31,607,163	1,619,205	33,226,368
TOTAL LIABILITIES	33,728,854	1,633,646	35,362,500
FUND BALANCES:			
RESERVED FOR:			
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	775,220	-	775,220
PERPETUAL PERMANENT FUNDS	-	231,503	231,503
UNRESERVED			
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	312,197	-	312,197
UNDESIGNATED, REPORTED IN:			
GENERAL FUND	1,910,304	-	1,910,304
SPECIAL REVENUE FUNDS	-	5,291,816	5,291,816
CAPITAL PROJECTS FUNDS	-	196,714	196,714
PERMANENT FUNDS	-	120,705	120,705
TOTAL FUND BALANCES	2,997,721	5,840,738	8,838,459
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,726,575	\$ 7,474,384	\$ 44,200,959

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2007**

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES:</u>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 25,536,297	\$ -	\$ 25,536,297
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,707,681	-	1,707,681
INTERGOVERNMENTAL	10,839,461	1,373,807	12,213,268
HOTEL/MOTEL OCCUPANCY TAX	363,671	-	363,671
PENALTIES & INTEREST ON TAXES	89,551	-	89,551
CHARGES FOR SERVICES	-	1,069,125	1,069,125
INVESTMENT INCOME	329,600	112,597	442,197
CONTRIBUTIONS & DONATIONS	-	24,907	24,907
DEPARTMENTAL AND OTHER	943,392	420,581	1,363,973
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	39,809,653	3,001,017	42,810,670
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES:</u>			
CURRENT:			
GENERAL GOVERNMENT	1,553,618	56,553	1,610,171
PUBLIC SAFETY	4,421,106	407,513	4,828,619
EDUCATION	17,336,627	1,902,180	19,238,807
PUBLIC WORKS	753,265	208,257	961,522
HUMAN SERVICES	507,410	21,505	528,915
CONSERVATION	19,105	-	19,105
CULTURE & RECREATION	708,159	73,405	781,564
EMPLOYEE BENEFITS	8,964,197	-	8,964,197
STATE & COUNTY ASSESSMENTS	318,842	-	318,842
DEBT SERVICE			
PRINCIPAL	2,485,363	-	2,485,363
INTEREST	1,620,815	-	1,620,815
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	38,688,507	2,669,413	41,357,920
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,121,146	331,604	1,452,750
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>			
OPERATING TRANSFERS IN	519,400	1,447,631	1,967,031
OPERATING TRANSFERS OUT	(1,447,631)	(482,314)	(1,929,945)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(928,231)	965,317	37,086
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	192,915	1,296,921	1,489,836
	<hr/>	<hr/>	<hr/>
FUND BALANCES AT BEGINNING OF YEAR	2,804,806	4,543,817	7,348,623
	<hr/>	<hr/>	<hr/>
FUND BALANCES AT END OF YEAR	<u>\$ 2,997,721</u>	<u>\$ 5,840,738</u>	<u>\$ 8,838,459</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2007**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 8,838,459
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		47,953,056
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		33,226,368
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(443,613)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(38,061,702)	
CAPITAL LEASES PAYABLE	(497,428)	
COMPENSATED ABSENCES	(952,063)	
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	<u>(3,240,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(42,751,193)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$46,823,077</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2007**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 1,489,836**

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.

CAPITAL OUTLAY	1,188,613	
DEPRECIATION EXPENSE	<u>(2,191,964)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(1,003,351)

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE

18,456,065

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

DEBT SERVICE PRINCIPAL PAYMENTS	<u>2,375,714</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		2,375,714

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	15,562	
NET CHANGE IN CAPITAL LEASES	(267,807)	
NET CHANGE IN LANDFILL CLOSURE AND POSTCLOSURE CARE ACCRUAL	170,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>19,996</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(62,249)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 21,256,015**

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	BUDGETARY AMOUNTS	OVER(UNDER)
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 25,588,093	\$ 25,588,093	\$ 25,536,297	\$ (51,796)
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,804,275	1,804,275	1,707,681	(96,594)
PENALTIES & INTEREST ON TAXES	79,000	79,000	89,551	10,551
INTERGOVERNMENTAL	7,551,807	7,551,807	7,592,393	40,586
HOTEL/MOTEL OCCUPANCY TAX	340,000	340,000	363,671	23,671
INVESTMENT INCOME	265,000	265,000	329,600	64,600
DEPARTMENTAL AND OTHER	898,536	898,536	943,392	44,856
TOTAL REVENUES	36,526,711	36,526,711	36,562,585	35,874
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,587,454	1,659,298	1,591,409	67,889
PUBLIC SAFETY	4,624,716	4,730,099	4,483,294	246,805
EDUCATION	17,798,188	17,798,188	17,649,765	148,423
PUBLIC WORKS	845,973	851,681	762,157	89,524
HUMAN SERVICES	529,024	529,024	518,228	10,796
CONSERVATION	19,800	19,800	19,105	695
CULTURE & RECREATION	715,080	715,080	707,847	7,233
EMPLOYEE BENEFITS	6,311,253	6,311,253	5,746,018	565,235
STATE & COUNTY ASSESSMENTS	321,672	321,672	318,842	2,830
DEBT SERVICE:				
PRINCIPAL	2,485,364	2,485,364	2,485,363	1
INTEREST	1,611,912	1,611,912	1,606,428	5,484
TOTAL EXPENDITURES	36,850,436	37,033,371	35,888,456	1,144,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(323,725)	(506,660)	674,129	1,180,789
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	405,667	483,867	519,400	35,533
OPERATING TRANSFERS OUT	(1,147,631)	(1,447,631)	(1,447,631)	-
TOTAL OTHER FINANCING SOURCES (USES)	(741,964)	(963,764)	(928,231)	35,533
NET CHANGE IN FUND BALANCE	(1,065,689)	(1,470,424)	(254,102)	1,216,322
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	2,415,467	2,415,467	2,415,467	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 1,349,778	\$ 945,043	\$ 2,161,365	\$ 1,216,322

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2007**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR
	ENTERPRISE
	FUND
<u>ASSETS</u>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 253,725
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	<u>33,748</u>
TOTAL ASSETS	<u>287,473</u>
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	<u>31,947</u>
TOTAL LIABILITIES	<u>31,947</u>
<u>NET ASSETS</u>	
UNRESTRICTED	<u>255,526</u>
TOTAL NET ASSETS	<u><u>\$ 255,526</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2007**

	BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 847,479
TOTAL OPERATING REVENUES	<u>847,479</u>
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	<u>855,912</u>
TOTAL OPERATING EXPENSES	<u>855,912</u>
OPERATING INCOME (LOSS)	<u>(8,433)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(8,433)</u>
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS IN	450
OPERATING TRANSFERS OUT	<u>(37,536)</u>
TOTAL OPERATING TRANSFERS	<u>(37,086)</u>
CHANGE IN NET ASSETS	(45,519)
NET ASSETS AT BEGINNING OF YEAR	<u>301,045</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 255,526</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2007**

	BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 859,901
PAYMENTS TO SUPPLIERS	(775,782)
PAYMENTS TO EMPLOYEES	<u>(76,362)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>7,757</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN (OUT)	<u>(37,086)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(37,086)</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(29,329)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>283,054</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u><u>\$ 253,725</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	<u>\$ (8,433)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	12,422
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	<u>3,768</u>
TOTAL ADJUSTMENTS	<u>16,190</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 7,757</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007**

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ 55,787	\$ 623,100
DEPARTMENTAL	<u>-</u>	<u>63,293</u>
TOTAL ASSETS	<u>55,787</u>	<u>686,393</u>
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	-	42,278
OTHER LIABILITIES	<u>-</u>	<u>644,115</u>
TOTAL LIABILITIES	<u>-</u>	<u>686,393</u>
<u>NET ASSETS</u>		
HELD IN TRUST FOR OTHER PURPOSES	<u>\$ 55,787</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2007**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>DEDUCTIONS:</u>	
EDUCATIONAL SCHOLARSHIPS	\$ (1,000)
CHANGE IN NET ASSETS	(1,000)
NET ASSETS AT BEGINNING OF YEAR	<u>56,787</u>
NET ASSETS AT END OF YEAR	<u>\$ 55,787</u>

See accompanying notes to the basic financial statements

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Seekonk, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

Joint Venture

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint venture:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Tri-County Regional Vocational-Technical School	To provide vocational education services for grades 9-12	147 Pond Street Franklin, MA 02038	\$ 793,168

The Tri-County Regional Vocational Technical School District (the District) is governed by a fourteen (14) member school committee consisting of one (1) elected representative from each participating municipality. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 9.48% in the joint venture.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, capital leases, and landfill closure and post closure care costs which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following nonmajor proprietary fund is as reported:

- The *Sanitation Enterprise fund* is used to account for the operations of the trash collection activities.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Fiduciary Fund Financial Statements

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Departmental and Other

Departmental and other receivables consist primarily of ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the sanitation enterprise fund are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, infrastructure (roadways and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	10-40
Capital Improvements (other than buildings)	10-20
Machinery and Equipment	5-15
Vehicles	5-15
Infrastructure	40

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

I. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

J. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net assets have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth for the repair and/or construction of streets.
 - *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purpose* represents restrictions placed on assets from outside parties.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements (Fund Balances)

- a. *Fund balances* consist of funds that are reserved for amounts, that are not available for appropriation, that are legally restricted by outside parties for a specific future use, and designations of fund balances that represent tentative management plans that are subject to change.

Fund balances have been reserved for the following:

- *Encumbrances and continuing appropriations* represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.
- *Perpetual permanent funds* represent amounts held in trust for which only investment earnings may be expended.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2008 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2007.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

N. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the governmental activities column of the government-wide statement of net assets. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2007 is recorded in the governmental fund financial statement.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims. For the fiscal year ended June 30, 2007, this expense/expenditure totaled approximately \$826,013. There were approximately 277 participants eligible to receive benefits at June 30, 2007.

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

Q. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not comparable to the consolidated financial information.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. The carryover articles and encumbrances were not included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2007 approved budget authorized \$36,850,436 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$182,935 were approved at two Special Town Meetings during fiscal year 2007.

The Finance Director has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2007, is presented below:

Net change in fund balance - budgetary basis	\$ (254,102)
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	3,232,680
Increase in expenditures for on-behalf payments - MTRS	(3,232,680)
Adjustment for encumbrances and continuing appropriations	691,518
Increase in revenue for the MWPAT subsidy	14,388
Increase in expenditures for the MWPAT subsidy	(14,388)
Adjustment for expenditures from prior year authorizations	(244,501)
	<hr/>
Net change in fund balance - GAAP basis	<u>\$ 192,915</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers and grants.

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town carries deposits that are fully insured by FDIC insurance, DIF insurance or collateralized with securities held by the Town or the Town's agent in the Town's name. The Town also carries deposits that are not collateralized and are uninsured. As of June 30, 2007, the bank balances of uninsured and uncollateralized deposits are \$4,331,248.

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

The Town did not hold or own any fixed income securities as of June 30, 2007.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town does not have an investment policy for custodial credit risk.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 – RECEIVABLES

The receivables at June 30, 2007 for the Town's individual major nonmajor governmental funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 569,118	\$ (18,914)	\$ 550,204
Tax liens	204,193	-	204,193
Motor vehicle and other excise taxes	450,003	(119,134)	330,869
Departmental and other	941,228	(767,134)	174,094
Intergovernmental	32,197,235	-	32,197,235
User Fees	6,945	-	6,945
Total	<u>\$ 34,368,722</u>	<u>\$ (905,182)</u>	<u>\$ 33,463,540</u>

The receivables at June 30, 2007, for the sanitation enterprise fund consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	<u>\$ 33,748</u>	<u>\$ -</u>	<u>\$ 33,748</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis			
Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 550,204	\$ -	\$ 550,204
Tax Liens	204,193	-	204,193
Motor vehicle excise taxes	330,869	-	330,869
Departmental and other	11,540	99,261	110,801
User fees	6,945	-	6,945
Intergovernmental	30,503,412	1,519,944	32,023,356
Total	<u>\$ 31,607,163</u>	<u>\$ 1,619,205</u>	<u>\$ 33,226,368</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657
Construction in progress	6,296,368	-	(6,296,368)	-
Total capital assets not being depreciated	10,651,025	-	(6,296,368)	4,354,657
<u>Capital assets being depreciated:</u>				
Buildings and improvements	47,715,185	18,915	6,296,368	54,030,468
Capital improvements (other than buildings)	2,297,831	166,626	-	2,464,457
Machinery and equipment	2,978,563	156,116	-	3,134,679
Vehicles	4,258,091	704,459	-	4,962,550
Infrastructure	16,264,783	142,497	-	16,407,280
Total capital assets being depreciated	73,514,453	1,188,613	6,296,368	80,999,434
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(14,379,458)	(1,520,629)	-	(15,900,087)
Capital improvements (other than buildings)	(546,484)	(108,960)	-	(655,444)
Machinery and equipment	(1,328,182)	(183,597)	-	(1,511,779)
Vehicles	(3,610,075)	(332,675)	-	(3,942,750)
Infrastructure	(15,344,872)	(46,103)	-	(15,390,975)
Total accumulated depreciation	(35,209,071)	(2,191,964)	-	(37,401,035)
Total capital assets being depreciated, net	38,305,382	(1,003,351)	6,296,368	43,598,399
Total governmental activities capital assets, net	\$ 48,956,407	\$ (1,003,351)	\$ -	\$ 47,953,056

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets being depreciated:</u>				
Vehicles	\$ 202,000	\$ -	\$ -	\$ 202,000
Total capital assets being depreciated	202,000	-	-	202,000
<u>Less accumulated depreciation for:</u>				
Vehicles	(202,000)	-	-	(202,000)
Total accumulated depreciation	(202,000)	-	-	(202,000)
Total capital assets being depreciated, net	-	-	-	-
Total business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
General government	\$ 22,214
Public safety	280,331
Education	1,752,054
Public works	83,852
Human services	686
Culture and recreation	52,827
Total depreciation expense - governmental activities	\$ 2,191,964

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of school busses, a fire truck, police cruisers and an ambulance. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the various capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Vehicles	\$ 748,510
Less: Accumulated depreciation	<u>(122,062)</u>
	<u><u>\$ 626,448</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2007, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2008	\$ 183,137
2009	152,293
2010	57,252
2011	57,252
2012	57,252
2013	<u>57,251</u>
Total minimum lease payments	564,437
Less: amounts representing interest	<u>(67,009)</u>
Present value of minimum lease payments	<u><u>\$ 497,428</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2007, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:			Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Sanitation Enterprise Fund	
General Fund	\$ -	\$ 1,447,631	\$ -	\$ 1,447,631 (3)
Nonmajor Governmental Funds	481,864	-	-	481,864 (1)
Nonmajor Governmental Funds	-	-	450	450 (2)
Sanitation Enterprise Fund	37,536	-	-	37,536 (2)
Total	<u>\$ 519,400</u>	<u>\$ 1,447,631</u>	<u>\$ 450</u>	<u>\$ 1,967,481</u>

(1) Represents budgeted transfers to supplement the operating budget

(2) Represents other transfers to and from the enterprise fund.

(3) Represents budgeted transfers from the general fund to the stabilization funds.

NOTE 8 – SHORT-TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures for short-term borrowings are accounted for in the general fund. There was no short-term financing activity during fiscal year 2007.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 9 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2007:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
MWPAT Sewer Loan	Var.	\$ 317,416	\$ -	\$ 20,714	\$ 296,702
Municipal Purpose	Var.	10,430,000	-	810,000	9,620,000
Municipal Purpose	1.89	575,000	-	295,000	280,000
School Construction	4.03	22,755,000	-	910,000	21,845,000
Police & Fire Facility	3.77	6,360,000	-	340,000	6,020,000
Total		<u>\$ 40,437,416</u>	<u>\$ -</u>	<u>\$ 2,375,714</u>	<u>\$ 38,061,702</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2007 are as follows:

Fiscal Year	Principal	Interest	Total
2008	\$ 2,390,714	\$ 1,529,564	\$ 3,920,278
2009	2,145,714	1,447,605	3,593,319
2010	2,175,714	1,364,534	3,540,248
2011	2,210,714	1,277,088	3,487,802
2012	2,250,714	1,187,674	3,438,388
2013-2017	11,909,223	4,481,197	16,390,420
2018-2022	10,635,075	2,058,420	12,693,495
2023-2025	4,343,834	228,285	4,572,119
Total	<u>\$ 38,061,702</u>	<u>\$ 13,574,367</u>	<u>\$ 51,636,069</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended ("Chapter 645") created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth's Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain "grandfathered" projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for 70% percent state school construction grants through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$2,295,582 in FY 2007 from the MSBA for completed school construction projects.

The MSBA has finalized audits for two of the older school projects and two more recent projects for which the Town is currently receiving annual reimbursements. As a result, during fiscal year 2007, the Town is now recording future reimbursements of \$21,068,660 for the more recent projects and reducing future reimbursements on the older projects by \$2,432,132. Combined with the current year reimbursements on the newer projects, this results in education capital grants revenue of \$19,892,997 in the primary government Statements of Activities.

Loans Authorized and Unissued

As of June 30, 2007, the Town has one loan authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Landfill closure	5/21/2007	<u>\$ 1,700,000</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 40,437,416	\$ -	\$ (2,375,714)	\$ 38,061,702	\$ 2,390,714
Compensated absences	967,625	-	(15,562)	952,063	294,102
Landfill closure and postclosure care costs	3,410,000	-	(170,000)	3,240,000	70,000
Capital leases payable	229,621	402,250	(134,443)	497,428	157,947
Total governmental activities long-term liabilities	<u>\$ 45,044,662</u>	<u>\$ 402,250</u>	<u>\$ (2,695,719)</u>	<u>\$ 42,751,193</u>	<u>\$ 2,912,763</u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to earthquake) to the extent that losses exceed \$1,000 per incident. Buildings are fully insured against earthquake damage, to the extent that losses exceed \$50,000 per incident.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2007.

The Town has two contributory health care options for its employees and retirees. There are 558 employees and retirees who participate in the Town's health care programs. The Town contributes 75% of the premium costs for active employees and 50% for retirees for both health care options.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 11 – PENSION PLANS

A. Plan Descriptions

The Town contributes to the Bristol County Contributory Retirement System (the “System”), a cost sharing, multiple-employer, defined benefit pension plan administered by the Bristol County Retirement Board. Substantially all employees are members of the “System” except for public school teachers and certain school administrators who are members of the Massachusetts Teachers’ Retirement System (MTRS) to which the Town does not contribute.

The “System” and the MTRS are contributory defined benefit plans and membership in both the “System” and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The “System” and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The “System” issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Bristol County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2007, 2006, and 2005 were \$1,373,527, \$1,164,508, and \$1,054,023, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$3,232,680 for fiscal year 2007. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2007, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town has three landfills that are no longer in operation. Two of the landfills have been capped and the third has a liner. The Town is responsible for capping the third landfill and post-closure monitoring of each landfill site for up to thirty years (22 years remaining for the two capped landfills). The estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$3,240,000 reported as landfill closure and post-closure liability at June 30, 2007 is based on what it would cost to perform all closure and post-closure care at June 30, 2007. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2007, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2007.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2007, the following GASB pronouncements were implemented:

The GASB issued **Statement #47**, *Accounting for Termination Benefits*, which is required to be implemented in Fiscal 2007. The Town has a very limited termination benefits program that is budgeted for and is not material to the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in Fiscal 2008. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

The GASB issued **Statement #45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2009. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

The GASB issued **Statement #48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* which is required to be implemented in FY2008. Since the Town does not sell or pledge receivable or future revenues, this pronouncement will not impact the basic financial statements.

The GASB issued **Statement #49**, *Accounting and Financial Reporting for Pollution Remediation Obligations* which is required to be implemented in FY2009. Management does not believe that there are any pollution remediation obligations that will require disclosure and this pronouncement will not have an impact on the basic financial statements.

The GASB issued **Statement #50**, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, which is required to be implemented in FY2008. Since the Town does not operate its' own pension plan, this pronouncement will not impact the basic financial statements.

The GASB issued **Statement #51**, *Accounting and Financial Reporting for Intangible Assets* which is required to be implemented in FY2010. Management believes this pronouncement will require additional disclosure, but will not have a material impact on the basic financial statements.